



FOREIGN POLICY bulletin

AN ANALYSIS OF CURRENT INTERNATIONAL EVENTS

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Indochina's Internal Struggle

by Fred W. Riggs

When interviewed in Hanoi on April 25, Admiral Arthur W. Radford stated that the situation in Laos was "serious" and expressed the opinion that the Vietminh "must be defeated." As chairman of the Joint Chiefs he is now in a unique position to further this goal.

If the expansion of the Vietminh is to be contained, however, will military aid be enough? An inquiry into the causes and significance of the Laos campaign seems to indicate that it is not.

The Vietminh invasion of Laos may be viewed in terms of the total strategy of world communism, linking it with the "peace offensive" launched by the Kremlin since the death of Stalin and with truce overtures in Korea, although the nature of such a link remains obscure. The invasion may also be analyzed in terms of long-range interests of the Chinese, notably their need for more rice, which could be obtained from Indochina, Thailand and Burma, primary sources of supply for the international rice trade. That Thailand considers itself threatened by the invasion is demonstrated by its decision, made public May 20, to place the question before the United Nations Security Council.

The significance of the Laos campaign, however, can be best understood by an examination of current developments within Indochina. The Vietminh interest in Laos, seemingly of recent origin, actually extends back several years. A free Laos government, known as the Issarak, was established at the end of World War II.¹ The Issarak leaders were not affiliated with Communists, nor did they seek any support from the Vietnamese. When, after considerable fighting, the French re-established control over the whole country by August 1946, the main Issarak leaders fled to Thailand. There they split into several factions, some favoring autonomy under French hegemony, others demanding full independence. The latter group was led by Prince Souphanavong, one of the sons of King Sisavang Vong of Laos.

The treaty of July 19, 1949, making Laos an Associated State in the French Union, paved the way for the return of many of the leading Issarak expatriates, but the extremist

1. For a fuller account of the Issarak movement, see Virginia Thompson and Richard Adloff, "Laos: Background of Invasion," *Far Eastern Survey*, May 1953, pp. 62-66.

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wing, led by Prince Souphanavong, remained in exile. The Prince himself was less anti-Vietnamese than many of his compatriots and had, indeed, a Vietnamese wife. Now isolated, he was forced to seek new allies, and it was therefore no surprise when in the autumn of 1950 he assumed leadership of a Laotian People's United Front, formed with the aid of Ho Chi Minh's Vietminh. By March 1951 Ho had paved the way for a Communist-led rebel movement throughout Indochina called the Joint National United Front, in which both the Laotian and Cambodian People's United Fronts participated.

Vietminh and the Thais

But Vietminh interest in the affairs of the Thai-speaking Laotians goes back to an earlier concern about the Thai minority in Northern Vietnam (Tonkin). These relatively simple tribal folk are the chief inhabitants of the mountainous hinterland, both in the northern districts facing China and the western parts leading into Laos. The Vietnamese, living in the densely populated fertile river valleys and deltas, have a long tradition of hostility toward the mountain people.

The French sought to capitalize on this situation by cultivating a Thai autonomy movement and in March 1949 announced the formation of a Thai Federation in Northern Vietnam, led by a Great Thai Council composed of the leading notables of the three main Thai tribes. Although inherently a weaker people than the far more numerous

and economically advanced Vietnamese, the Thais have fought with the French against Vietminh forces. Laos and the French bases in the Thai hinterland of Northern Vietnam therefore constitute a potential threat to the rear for the Vietminh which Ho Chi Minh was bound to try to counteract.

Meanwhile the basis of Ho Chi Minh's policy was shifting during 1949 and 1950 from emphasis on Vietnamese nationalism to an overt communism. Although this may have weakened his ability to attract some Vietnamese nationalists, it paved the way for an approach to ethnic minorities, such as the Thais of Tonkin, with promises of "autonomy" according to the familiar Soviet pattern. This pattern was evolving in China for major peoples like the Mongols and Tibetans, and recently an Autonomous Government of Thai Nationalities of Yunnan was formed in Southwest China. When it is recalled that the Shans of eastern Burma are also Thai-speaking, it is not hard to anticipate the formation of a Greater Thai movement under Communist leadership that might seek to link all Thai-speaking people, including the Laotians and the Thais of Tonkin, thereby appealing to dissident elements inside Thailand itself.

In mid-April 1953, while the Vietminh campaign in Laos was in full swing, a "Free Laotian Government" was set up in Samneua, Laos, with Prince Souphanavong as president. Although the Vietminh forces have withdrawn from Central Laos, they retain a substantial slice of Laotian

territory adjoining Northern Vietnam. According to a report from Hanoi on May 20, the Vietminh still retained 18,000 square miles, or more than one-fifth of the total area of Laos. With the beginning of the monsoon season, they may expect to have several months of relative security in which to consolidate their puppet Thai-Laotian regime.

In the long run, however, the success or failure of the Vietminh will be determined in the rich and populous rice lands of Vietnam, rather than in the inaccessible mountains of the hinterland. The outbreak of large-scale fighting on the border of the Red River Valley is a reflection of this fact.

Vietminh and Vietnam Forces

The Vietnam commands an army of something more than 300,000 men, of which only about a third are regular troops, the rest consisting of local and popular militia. The French Expeditionary Corps of French, African and Foreign Legionnaires, as well as about 100,000 Vietnamese, has a total force of roughly 250,000 men. Without the active support of the countryside, however, it finds itself limited to the defense of cities and fixed strong points around the main rice valley areas, while the Vietminh wage a fluid guerrilla war around and through the perimeter.

The late General Jean de Lattre de Tassigny in 1951 made possible the establishment of a Vietnamese national army responsible directly to the Bao Dai government. He considered this the only means by which

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Breaking Through the Sound Barrier

Modern airmen, by the use of scientific inventions, imagination and physical stamina, have achieved the once seemingly impossible feat of flying faster than the speed of sound. Landbound statesmen, less favored by fortune, are still struggling to break through the barriers that separate nations at a speed sufficiently swift to overcome mutual misgivings and misunderstandings. This is true not only of communications between the West and the U.S.S.R., long blocked by fears and hostilities. It is also true, as recent events have demonstrated, of communications between the Western powers—the United States, Britain and France—as well as between the governments and their peoples.

These difficulties are illustrated by current debates around the globe on three major issues: (1) negotiations with Moscow and Peiping; (2) trade with the Communist countries; and (3) the future of colonialism.

To Deal or Not to Deal?

The conference of the West's Big Three proposed by President Eisenhower on May 21, which at the suggestion of Sir Winston Churchill will be held "in the Bermudas," is intended to clarify and harmonize the views on world affairs held by Washington, Paris and London. That such a procedure is urgently needed was made clear by the acid exchanges of trans-Atlantic criticisms between British parliamentary leaders and American Senators and by Paris' apprehensions about an Anglo-American huddle that would disregard the interests of France. For the Kremlin, however, the proposed conference has the aspect of a Western "deal" at

the expense of the U.S.S.R., and the *Pravda* editorial of May 22 warned that the Bermuda negotiations would aggravate, not lessen, existing international tensions.

The Russians are aware that Britain and France are more disposed than the United States to hold a Big Four or even possibly a Big Five (with Communist China) conference and favor the admission of Peiping to the United Nations. Their purpose, clearly, is to welcome diplomatic approaches by Britain and France, on the assumption that either Sir Winston will persuade the United States to qualify its "deeds, not words" policy or, if that proves impossible, that the British and French will gradually drift away from the United States.

This situation presents peculiar difficulties for the Eisenhower Administration, which is faced by adamant opposition within Republican ranks to anything that might be interpreted as "appeasement" of Russia and China. If the President seeks to conciliate the pro-Formosa Republicans he faces the danger of losing the support of Britain and France. If he seeks to reconcile American policies with those of our Western allies, he runs the risk of weakening his already precarious support in Congress—unless he decides to rely on a coalition of Democrats and liberal Republicans.

Nor is the President's task made any easier by the fact that the American public is at present in a state of profound confusion about the objectives of our foreign policy. If Russia continues to be the great peril pictured by the President in his tax message of May 19, then, it is

asked, how can the United States slash defense expenditures and aid to our allies? If we propose to negotiate with Peiping, then how does it happen that the new chairman of the Joint Chiefs of Staff, Admiral Arthur W. Radford, is a man who, to quote James Reston, "believes that the defeat of Communist China—even a Titoist Communist China—is essential to the security of the United States"? Clarification of these questions is needed not only in London and Paris but also right here at home. Confusion became worse confounded at the moment when, just as Moscow's refusal to attend the projected London conference on the Austrian treaty promised to unite the Western nations, Senator Robert A. Taft, Republican of Ohio, suggested on May 25 that the United States "forget the United Nations so far as the Korean war is concerned."

Comparable confusion prevails concerning our foreign trade policy. Congressmen who want to slash aid to friendly nations are reluctant to liberalize imports, yet at the same time wax indignant over real or alleged commercial transactions between our Western European allies and Communist China. The controversy over Allied, particularly British, trade with Peiping overlooks the need of Western Europe to find outlets for nonstrategic goods; the willingness expressed by President Eisenhower to lift the present embargo on trade with Czechoslovakia in return for the release of William N. Oatis; and the importation in 1952 by the United States of \$27.8 million worth of goods from Communist China, which put dollars into Peiping's

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Can Private Enterprise Do the Job of Economic Development?

by C. W. Hamilton

Mr. Hamilton is vice-president of Gulf Oil Corporation in charge of foreign production.

THE motives behind the Point Four program are anything but altruistic. It is our American concept that the only way to stem the Communist tide is to give the underprivileged peoples of the world some hope for personal independence and a better living. The Point Four program is as much a program of education as it is one of economic assistance. One of the prime prerequisites in the entire program is the creation of a spirit of local cooperation and local participation in the development program. It is deliberately designed to create a better climate of understanding between Americans and the other peoples of the world.

The most obvious measuring stick of the progress of the Point Four program is the amount of money spent so far on technical assistance and loans to underdeveloped countries. The most recent figures available indicate that the Technical Cooperation Administration, which is part of the State Department, has spent a total of \$268 million during the two fiscal years 1951-1953. This amount was paralleled by local contributions of \$188 million. With the American Point Four dollars have gone a total of 2,245 technical experts from the United States to instruct local technicians and to initiate the mutually agreed upon development programs.

In addition to the funds expended by the International Cooperation Administration, both the International Bank for Reconstruction and Development and the Export-Import Bank have granted loans to underdeveloped countries for specific de-

velopment projects which could not be financed privately.

By the end of 1950 the total *direct* foreign investments by United States corporations and individuals was in the order of \$11.8 billion, of which approximately 55 percent had occurred in Latin America and the so-called Point Four countries of the Eastern Hemisphere. The American oil industry alone is credited with direct foreign investments in excess of \$3.4 billion. Approximately two-thirds of that amount has been invested in Latin America and the so-called Point Four countries of the Eastern Hemisphere.

These statistics are presented to demonstrate that United States industry has been very active indeed in venturing its capital in foreign countries over the past 50 years and especially in the last decade. But such data do not by any means tell the whole story. With those private American dollars there has gone abroad American personnel with their technical and educational know-how. Coincidentally, there have been developed in many countries entire new industries, as well as towns, roads, schools, hospitals, churches, homes, commissaries, harbors, docks and wharves, social and recreational facilities, improved sanitation, adequate fresh water supply and refrigeration. Thus, in the heretofore underdeveloped areas, living conditions for the native have been improved, new skills have been born, and a better climate of understanding between nationals created.

At the very root of the Point Four program is the idea that in the long

run only private capital can do the job of bringing underdeveloped areas within the orbit of international trade and prosperity. Yet many countries now lack a suitable political climate for American private capital. For this reason investment of private American capital abroad is still well below what it would be if investments could be made abroad under generally the same conditions, or with the same risks, attending investment at home.

Without the influence of private American missions and educational institutions in Latin America, the Middle East and South Asia, the Point Four programs—either by government or industry—could not have prospered as they have done. This is especially true in the Middle East, where before World War I American direct investments were insignificant.

The educational institutions now known as the American University of Beirut (Lebanon) and Roberts College (Turkey) were founded by American missionary groups in 1863. These two great schools and five others subsequently founded in the Near East comprise the Near East College Association. Collectively, the members of NECA have graduated a total of 17,000 young men and women, mostly from the Near and Middle East countries. Thousands of other students from the East have attended these institutions who for one reason or another did not graduate. Quite a few of these graduates have taken postgraduate work in the United States universities. As the re-

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by Jonathan B. Bingham

Mr. Bingham, a lawyer, served in the Department of State as chief, Alien Enemy Control Section, 1945-46; assistant director, Office of International Security Affairs, April-November 1951; and deputy administrator (later, acting administrator), Technical Cooperation Administration, November 1951-1953.

THE trouble with private enterprise in the field of economic development is that it can do least where the need is greatest. Would you want to risk money in a business today in India, Pakistan, Egypt or Indonesia, to say nothing of Indochina or Iran? American industry has felt the same way. In India, for example, total United States investment as of the end of 1950 was \$38 million, a little over ten cents for each Indian.

The essential reason for the paltry flow of United States dollars to the less-developed areas is precisely because their standard of living is so low. As long as the three basic evils of widespread hunger, disease and ignorance remain, private industry has no sound economic and social foundation on which to build.

This is not true necessarily of the extractive industries, such as oil and mining, which depend on external markets for their profits, and it is in fact in these industries that most United States investment abroad in recent years has taken place. But the presence of extractive industries in a country may not do much to relieve the poverty of the people, as witness, for instance, Bolivia.

Need for Public Capital

What the underdeveloped countries need most from private capital are manufacturing and service industries, and these must depend for their success on facilities such as power and rail and road transportation, and on mainly local markets. So far as the facilities are concerned, private capital is not interested in

investing in them because the politically possible returns are not attractive. The local governments do not have the resources to build them because their potential tax revenues are too small and they are understandably afraid of deficit financing.

This, then, is where outside sources of public capital are needed. Most of the loans being made today by the International Bank for Reconstruction and Development and the United States Export-Import Bank are for such purposes. In extreme cases, where a country's capacity to repay dollar loans has been reached and where its development is of extraordinary importance to the United States, aid in the form of grants may be desirable.

Even more fundamental than the lack of basic facilities is the lack of markets. When 80 percent or more of a country's people are making a bare subsistence living from the land and are earning practically no cash income, the prospects for private industry are meager indeed. It is at this basic level that the United Nations and United States technical cooperation programs are mainly needed at the present time.

Private enterprise cannot be expected to do much to get agricultural extension work going or to help in the development of public health services or basic educational systems. Concerns like Aramco in Saudi Arabia, Firestone in Liberia and the United Fruit Company in Central America have done a fine job in these fields within the areas of their respective operations, but their contributions have only been a drop in the

world bucket. And the private institutions, such as the Rockefeller, Ford, and Near East Foundations and many others, would be the first to admit that they do not have the resources to do the total job. Could any private organization, for example, have done what the United States government did in Iran last year in arranging for a summer-school training course for 1,200 primary school teachers from all over the country or in organizing a malaria control effort that reached a quarter of Iran's population?

To the extent that little people are successfully helped to help themselves, private industry is stimulated. Last March, for example, I was shown through a new plant for mixing chemical pesticides put up near Lima, Peru, by the Du Pont company; the manager told me that this investment was brought about by the work of the joint United States-Peruvian extension service in demonstrating the value of pesticides to the Peruvian farmers; and Du Pont's plant was only one of four such new enterprises.

There is another obstacle to the flow of private investment abroad, which most United States businessmen would probably place first in importance, and that is the unfavorable climate for foreign investment in many countries. But this climate is a symptom of the political uncertainty and unrest that exists, and it cannot be improved by a tough, protect-the-United-States-investor policy on the part of our State Department. These are proud peoples we are dealing with, many of them with ancient cultures but brand new independence, and with a deep-seated distrust of foreign capital. They simply will not accept a new dollar diplomacy on our part. We must earn their confidence and their friend-

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sult of booklearning and the association between student and the American staff, these schools have had a profound and democratic impact on the thinking and lives of several generations of Eastern peoples. From these schools have gone forth teachers, engineers, doctors, dentists, economists, agronomists, and so on to improve the way of life and governments in the neighboring countries. The work of these educational institutions has made all phases of the so-called Point Four program possible.

The American University at Cairo has also accomplished splendid results in education and in creating a favorable climate of understanding between the Arab and Western peoples and cultures. Since 1919, when the school was founded by Pennsylvania folks, AUC has graduated 1,249 students, mostly from Egypt.

The work of the Near East Foundation is noteworthy. It has had as its objective through the years the development of agricultural techniques, sanitary facilities and rehabilitation work in such countries as Iran, Greece and Syria. The Foundation has specialized in demonstration farms through the teaching of trained supervisors. It is solely supported by gifts and legacies. So effective has the work of the Foundation been in Iran that it has received, from time to time, grants from the Shah.

Quite different, but none the less important, has been the influence of the American Missions of the Reformed Church in America, in Basra, Amarah, Kuwait, Bahrein, and Muscat. The work of these medical units in the Persian Gulf area was initiated soon after the turn of this century, and generally their field personnel was the first contact between Persian

Gulf Arabs and Americans. These missions established the American character and made the Arab our friend. In a manner of speaking, the American missions have been our ambassadors of good will—and so have laid a foundation for the advent of industry and the Point Four program.

The principal motive for most private American capital ventures in foreign countries, as in our own country, has been, and still remains, profit. Recently, to a lesser degree, "national security" also has been a factor, since there exist in foreign lands resources not available in the United States or which may be in short supply in America either now or in the foreseeable future.

New Spirit of U. S. Industry

While admittedly the profit motive has been the mainspring for the unparalleled internal and international economic growth of our country, no longer does American industry believe that exploitation of the peoples of other countries is necessary or proper in order to produce profits. In recent years there has been a growing consciousness among the management of United States corporations engaged in foreign operations that their respective businesses also have a responsibility to contribute substantially to the welfare of the people and to the economic advancement of the country in which such businesses are located.

This responsibility-consciousness is not altogether altruistic. Private American business abroad has learned through the years—too often the hard way—that it is privileged to work in other countries and to enjoy a fair measure of the fruits of such work only through the sufferance of the citizens and governments of those countries. By showing respect for the other countries' laws,

customs and culture, and respect for the dignity of their citizens, the Americans working abroad hope to create an atmosphere of good will and fair dealing which should further the profitable life of the particular business venture.

Most venture failures abroad have been due to a regrettable lack of appreciation of, and respect for, the particular foreign government and its peoples by the American corporation. The management of some American corporations doing business in foreign countries has failed, over the years, to keep pace with social and political and economic changes. There are still some corporate executives who think of returning to the so-called international normalcy of yesterday, which from experience we know is a very faint hope indeed. We should adjust our thinking to the conditions of today and to those with which we may be faced in the foreseeable future. The American executive directing his corporation's operations in foreign countries should be keenly alive to the necessity of an active, realistic and progressive approach in the matters of governmental relations, public relations and employee relations.

Through the application of our government's Point Four program and the private "Point Four" of American industry, there is being created in South and Central America, the Middle East, North Africa and South Asia an atmosphere of better understanding between Americans and other nationals. We as businessmen are learning always to remember that outside the United States it is the Americans who are the foreigners, not vice versa. So, out of government and private Point Four there is developing a mutual endeavor and a better understanding between peoples of different countries.

Already the principle of sharing net profits of industry with government has been accepted in several foreign countries. There is no magic in any given percentage, but a partnership between industry and government is more profitable to both parties than nationalization, expropriation or confiscation. Certainly such a relationship is happier, whether between individuals or between a nation and a foreign investor.

General Dwight D. Eisenhower, on November 3, 1952, said, "America is great because she is good, and if America ever ceases to be good America will cease to be great." Such a philosophy may well become the cornerstone of a new and virile foreign policy for our country.

Spotlight

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hands. Opponents of trade liberalization here apparently either do not see, or do not care, that Western European nations, rebuffed in their efforts to sell in the United States, will try to find new markets in Russia, China and Eastern Europe. At the close of the Vienna Congress of the International Chamber of Commerce, called for the purpose of improving the trade relations of the non-Communist world, Rolf von Heidenstam of Sweden, retiring president of the Chamber, declared that the Chamber's official position was in favor of expanding trade with the Communist countries in all except "strategic" items. President Eisenhower has made it plain that he supports trade liberalization, but the question whether he has communicated his sense of urgency to Republicans in Congress or to the public at large still remains to be answered.

Meanwhile, at a time when many Americans urge support of France in Indochina to bolster the free world against communism, the French pub-

lic is receiving a much darker picture of the situation than that usually available here. In a report published on May 22 four French deputies who had made an on-the-spot investigation said that the government in Indochina was a "virtual dictatorship," that it was alienating the loyal Vietnam population and lessening the chances of victory over the Communist-led Vietminh. "Such a regime cannot endure," the report asserted.

Never before has the world had such powerful and widespread means of communication at its disposal. Yet the problems of breaking through the walls of incomprehension between nations as well as between governments and peoples still remain.

VERA MICHELES DEAN

Bingham

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ship. Our government can do this by helping underdeveloped countries solve their problems, and our businessmen, by exercising statesmanship and vision in the countries where they are operating. The fact is that many governments are not at all sure that the benefits to them of United States industrial know-how and investment are as great as we say they are, but they can be shown, by demonstration. Even if we feel that some of the peoples of these areas are displaying a perverse and socialistically inclined attitude, we cannot simply say, "Let them go hang." We have too much at stake.

The job of economic development cannot be done by the less-developed countries themselves alone, or by public agencies alone, or by private enterprise alone. It can only be done by the cooperation of all three, each having a decent respect for the role and the point of view of the other two.

FPA Bookshelf

BOOKS ON ASIA

Now that India occupies in our Asian foreign-policy calculations the position once held by China, and much talk is heard here that India might or should become the leader of Asia, three books about that country should be of particular interest to American readers. *The United States and India and Pakistan*, by W. Norman Brown, chairman of the South Asia program at the University of Pennsylvania (Cambridge, Harvard University Press, 1953, \$4.50) is a valuable addition to the American Foreign Policy Library series. In this compact volume Professor Brown offers an excellent picture of political, economic, social and foreign policy developments in India and Pakistan since the two nations achieved independence in 1947, presented against the well sketched background of the subcontinent's long and rich history.

In *Free India in Asia* (Minneapolis, University of Minnesota, 1952, \$2.75), Dr. Levi, professor of political science at the University of Minnesota, with first-hand knowledge of South Asia, gives a useful analysis of Nehru's foreign policy, often a subject of controversy in the United States. Frank Moraes, editor of *The Times of India*, leading Indian newspaper, reports candidly on his recent visit to Communist China in *Report on Mao's China* (New York, Macmillan, 1953, \$3.75). Mr. Moraes, who had served as a correspondent in China during World War II, offers illuminating comments on China before and after the Communist victory and makes penetrating comparisons and contrasts between China and India.

At a time when it is becoming increasingly clear that the security of the United States requires deeper understanding of Asian points of view, many constructive ideas on East-West relations can be found in three books. In *The World and the West* (New York, Oxford University Press, \$2), the distinguished British historian, Arnold J. Toynbee, discusses "the psychology of encounters" between the West, on the one hand, Russia, Islam, India and the Far East on the other. F. S. C. Northrop of Yale University delves deeper into this subject from the point of view of the philosopher in *The Taming of the Nations* (New York, Macmillan, 1952, \$5), where he devotes a good deal of discussion to India. A book in this field which deserves more attention than it has received is *The Mind of East Asia* (New York, Hudson, 1952, \$4.50), by Lily Abegg, a correspondent of a European newspaper who spent many years in China and Japan.

Riggs

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the Vietminh could be effectively opposed without imposing an intolerable burden on French resources. This army has now expanded to the level of 80,000 men, but the French still do not trust it to conduct a fluid war of small mobile units to meet the Vietminh on their own ground. On-the-spot observers believe that the Vietnam army can only become fully reliable when its officers and men are convinced that they are fighting for themselves and not for the French.

Despite the formal agreements signed by the French with Bao Dai, many leading Vietnam nationalists remain unconverted. While a growing number of nationalists are deserting the Communist-led Vietminh, they are not flocking to Bao Dai's banner but remain as a fluctuating, undefined company of *attentistes*.

The present Vietnam prime minister, Nguyen Van Tam, who took office in June 1952, is considered even less of a nationalist figure than his predecessors, Tran Van Huu and Nguyen Phan Long. Nominal control of all sovereign functions has been transferred to the Vietnam government, and the French point out that the number of French civil servants in Indochina has decreased from 7,000 in 1948 to 750 by mid-

1952, plus another 560 Frenchmen retained in the educational services at the request of the government.

Nevertheless, French influence, especially through the retention of military and economic powers, plus the exercise of influence at the provincial and regional levels, prevents the development of a real sense of confidence in the autonomy of the Vietnam government. The unilateral decision of France in mid-May to devalue the Indochinese piaster in re-

and further concessions to Vietnam nationalist leaders by the French. The concessions already made to the neighboring Kingdom of Cambodia as a result of the pressures induced by the Laos campaign is an augury of this development. The election of a National Parliament, which began with the local polling held on January 25, may also strengthen the position of Bao Dai's government.

Throughout much of Asia the war in Indochina is regarded as primarily a struggle of nationalists against French colonialism, rather than as a battle against aggressive communism. If recent events in Indochina can result in a strengthening of the Bao Dai regime, this popular image may be changed, and the rallying of nationalists to the support of the Vietnam government could bring to a halt the growing power of the Vietminh—provided, of course, the Chinese Communists do not openly intervene in force. Meanwhile, the Vietminh invasion of Laos may well prove to be an important turning point in the struggle of the peoples of Indochina for more control of their own destiny.

Mr. Riggs, a former FPA research associate, is now assistant to the director of the New York office of the Public Administration Clearing House. His latest book is *Formosa Under Chinese Nationalist Rule* (New York, Macmillan, 1952).

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lation to the French franc was not only an inflationary step for the Vietnamese economy but demonstrated the extent to which French control remains a reality.

Against this background the Vietminh invasion of Laos may serve indirectly to strengthen the Vietnam government. Its sudden revelation of French military weakness in Laos may necessitate a fundamental strengthening of the Vietnam national army. This may be accompanied by further aid from the United States

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